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TO ESTABLISH A DEMONSTRATION PROJECT TO AUTHORIZE THE INTEGRATION AND COORDINATION OF FEDERAL FUNDING DEDICATED TO THE COMMUNITY, BUSINESS, AND ECONOMIC DEVELOPMENT OF NATIVE AMERICAN COMMUNITIES

NOVEMBER 4, 2002.—Ordered to be printed

Filed, under authority of the order of the Senate of October 17, 2002

Mr. INOUYE, from the Committee on Indian Affairs, submitted the following

R E P O R T

[To accompany S. 343]

The Committee on Indian Affairs, to which was referred the bill (S. 343), to establish a demonstration project to authorize the integration and coordination of Federal funding dedicated to the community, business, and economic development of Native American communities, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

The purpose of S. 343 is to authorize the Secretary of the Interior (Secretary) to establish a demonstration project to include annual participation of up to 24 Indian tribes, tribal organizations, or tribal consortia, to undertake Federally-funded projects to foster community, economic, and business development in Native American communities.

BACKGROUND

In 1970 President Nixon issued his now-famous Special Message to Congress on Indian Affairs that called for significant changes in Federal Indian policy. Citing the failed policies of assimilation and termination of the 1950s, and cautioning against an excessive dependence on the Federal government, the Message laid the foundation for a more enlightened policy that relied on two core principles: economic self-sufficiency and political self-determination.

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President Nixon's Message lead to several key legislative enactments including the Native American Programs Act (42 U.S.C. 2992d et seq.) and the Indian Financing Act in 1974 (25 U.S.C. 1451 et seq.), and the Indian Education Assistance Act (25 U.S.C. 455 et seq.), and the Indian Self Determination & Education Assistance Act in 1975 (Self Determination Act, 25 U.S.C. 450 et seq.).

Prior to 1975, American Indian and Alaska Native communities depended in large part on the Federal government to provide basic governmental services and programs to their members. These services and programs included fire protection and law enforcement, social services, natural resources management, health and hospital care, and other core governmental services.

The Self Determination Act authorizes Indian tribes and tribal consortia to "step into the shoes" of the United States and assume responsibility and managerial control of services and programs previously administered by the Federal government.[1]

Under the provisions of the Self Determination Act, participating tribes and tribal consortia receive funding for the services and programs they have contracted to manage. In addition to program funding, participants are eligible to receive contract support costs—funding to cover the costs of contract management and administration.

The President's Management Agenda reflects the policies and rationale of the Self Determination Act by proposing that nearly half of all tasks currently performed by Federal employees be undertaken by the private sector. These tasks include data collection, administrative support, payroll services and other programs.[2]

Under current law, tribes and tribal consortia are authorized to negotiate with cognizant Federal agencies to enter into contracts and compacts for the administration of services and programs, and could accordingly serve to fulfill the goals of the Management Agenda.

These agencies are: (1) the Bureau of Indian Affairs (BIA), the principal agency responsible for administering Indian policy and discharging the Federal government's trust responsibility to American Indians and Alaska Natives; and (2) the Indian Health Service (IHS), the principal agency responsible for carrying out the Federal obligation for the provision of health care services to Native people.

Participation in the Self Determination Act is entirely voluntary and should a tribe or tribal consortium choose not to enter into contract or compact for the management of BIA or IHS services and programs, the agency in question continues to provide services and programs to that tribe or consortium.

In Fiscal Year 2002, Indian tribes and tribal consortia contracted and compacted for nearly $752 million in BIA programs and services, out of a total BIA budget of $2.2 billion.

Similarly, in that same year, Indian tribes and tribal consortia contracted and compacted for over $1.5 billion in Indian Health Service programs and services, out of a total IHS budget of nearly

[1] The President's Management Agenda likewise proposes that a significant percentage of Federally-undertaken activities be "outsourced" to the commercial marketplace. "Historically, the government has realized cost savings in a range of 20 to 50 percent when federal and private sector service providers compete to perform these functions." The President's Management Agenda, Fiscal Year 2002, page 17.

[2] Id.

$2.8 billion. Once having contracted a program, the tribe or consortium assumes responsibility for all aspects of its management, including program personnel, program activities, delivering program services, and establishing and maintaining administrative and accounting systems.

The results of tribal participation in the Self Determination Act are overwhelmingly positive. A comprehensive study on the impact of tribal compacting for health-related programs and services conducted in 1998 indicated that 93% of tribal members surveyed indicated that the quality of tribally-delivered health services had improved after the tribe in question had undertaken to provide programs and services under the Self Determination Act.[3]

In addition to improving the quality of services delivered, Self Determination Act contracting and compacting has enhanced the administrative and managerial acumen of participating tribal governments. In turn, the skills developed in managing contracts and compacts can be translated into other areas such as Native entrepreneurship, attracting and maintaining outside investment, and business and community development.

ANALYSIS OF THE INDIAN TRIBAL DEVELOPMENT CONSOLIDATED FUNDING ACT OF 2002

Services and programs aimed at business and community development in Native communities are housed in various Federal departments and agencies including the departments of Commerce, Interior, Health and Human Services, Labor, Treasury, the Small Business Administration and others. Because these services and programs are often uncoordinated and provided in an untimely manner, their effectiveness in stimulating Native economies and increasing employment is not maximized.

In December, 2001, the General Accounting Office (GAO) published its report entitled Economic Development: Federal Assistance Programs for American Indians and Alaska Natives[4] in which it cited the lack of coordination of existing Federal development programs and services as a prime cause of their ineffectiveness. The GAO observed that,

> [t]he federal government has made a number of efforts to encourage agencies to coordinate their efforts to provide economic development assistance to Indians. For example, the Native American Business Development, Trade Promotion and Tourism Act of 2000 requires [the Department of Commerce] to establish an Office of Native American Business Development.[5]

The Indian Tribal Development Consolidated Funding Act of 2002 would improve the effectiveness of existing Federal development programs and services by replicating the success of the Self Determination Act in the realm of Federal business and community development programs and in the process accelerate development and job creation in Native communities.

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[3] Tribal Perspectives on Indian Self-Determination and Self-Governance in Health Care Management. Vol. 2 Narrative Report, National Indian Health Board, 1998, p. 111.

[4] GAO–02–193, December, 2001.

[5] GAO–02–193, at 14, citing the Native American Business Development, Trade Promotion and Tourism Act of 2000, Pub.L. 106–464 (2000).

SECTION-BY-SECTION ANALYSIS

The Indian Tribal Development Consolidated Funding Act of 2002 authorizes the Secretary of the Interior to establish a demonstration project in which up to 24 Indian tribes, tribal organizations, or tribal consortia may participate each fiscal year in Federally-funded projects to foster community, economic, and business development in Native communities. Project participants would be eligible to receive loans, grants, financial and other assistance provided through existing services and programs.

Section 1. Short Title. The Act may be cited as the Indian Tribal Development Consolidated Funding Act of 2002.

Section 2. Findings, Purposes. In section 2 Congress finds that there exists a unique legal and political relationship between the United States and Indian tribes; finds that a majority of Native Americans continue to live in poverty; and finds that Federal services and programs designed to encourage economic development and job creation in Native communities can be made more effective if those services and programs are better coordinated. The purposes of the bill are to empower Indian tribes and consortia to make better use of Federal funding; and to coordinate multi-agency Federal assistance to target the specific needs of Native communities.

Section 3. Definitions. Section 3 provides the definition for terms used in this Act including "Applicant"; "Assistance"; "Indian tribe"; "Project"; and others.

Section 4. Lead Agency. Section 4 provides that, for purposes of this Act, the lead agency is the Department of the Interior.

Section 5. Selection of Participating Tribes. Section 5 details the manner in which tribal applicants are selected for participation in the Demonstration Project.

Section 6. Application Requirements, Review and Approval. Section 6 details the application process to participate in the Demonstration Project; identifies the Federal services and programs to be integrated; requires project participants to identify those agencies that are to be involved in the project; and provides for application review and approval procedures by the Secretary.

Section 7. Authority of Heads of Federal Executive Agencies. Section 7 describes the scope of the Demonstration Project and the participation of Federal agencies.

Section 8. Procedures for Processing Requests for Joint Financing. Section 8 describes the procedures to be used when a project is funded by more than one Federal agency.

Section 9. Uniform Administrative Procedures. Section 9 details the procedures to be used when conflicting or inconsistent Federal regulations are confronted.

Section 10. Delegation of Supervision of Assistance. Section 10 authorizes the head of a Federal agency to delegate to another Federal agency the ability to carry out a Demonstration Project provided that delegation is consistent with Federal law.

Section 11. Joint Assistance Funds and Project Facilitation. Section 11 authorizes the creation of a "Joint Assistance Fund" for instances of multi-agency project funding.

Section 12. Financial Management, Accountability and Audits. Section 12 describes the financial accountability and audit require-

ments, including required filings pursuant to the Single Audit Act (31 U.S.C. 7501 et seq.) for each project funded under the Act.

Section 13. Technical Assistance and Personnel Training. Section 13 provides information regarding technical assistance and training of personnel for projects funded under the Act.

Section 14. Joint State Financing for Federal-Tribal Assisted Projects. Section 14 authorizes the heads of Federal agencies to issue regulations governing agreements with States to extend the benefits of this Act.

Section 15. Report to Congress. Section 15 requires that one year after the date of enactment, the President shall submit a report to Congress detailing the effectiveness of this Act together with any recommendations to improve the Act and Federal services and programs for Native development.

LEGISLATIVE HISTORY

The Indian Tribal Development Consolidated Funding Act of 2002 (S. 343) was introduced on February 15, 2001, by Senator Campbell, for himself, and for Senator Inouye. On February 26, 2002, Senator Johnson was added as a co-sponsor. S. 343 was referred to the Committee on Indian Affairs and a hearing was held on the bill on May 24, 2002. On October 8, 2002, the Committee on Indian Affairs, by virtue of a polling instrument, considered S. 343 and other measures that had been referred to it, and on that date, favorably reported S. 343.

COMMITTEE RECOMMENDATION AND TABULATION OF VOTE

On October 8, 2002, the Committee on Indian Affairs, committee members considered S. 343 and favorably reported the bill to the full Senate.

COST AND BUDGETARY CONSIDERATION

The cost estimate for S. 343 as calculated by the Congressional Budget Office, is set forth below:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 18, 2002.

Hon. DANIEL K. INOUYE,
Chairman, Committee on Indian Affairs,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 343, the Indian Tribal Development Consolidated Funding Act of 2001.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Lanette J. Walker.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

S. 343—Indian Tribal Development Consolidated Funding Act of 2001

S. 343 would authorize the Secretary of the Interior to develop a demonstration project to consolidate Native American grant funding with other federal financial assistance for economic development. Under the bill, executive agencies would be directed to cooperate to jointly finance Native American economic development projects. Based on information from the Bureau of Indian Affairs (BIA), CBO estimates that any additional administrative cost to implement the program would not be significant. Such costs would be subject to the availability of appropriated funds.

S. 343 also would authorize the Secretary of the Interior to provide planning grants to the 24 tribes or consortium of tribes that would participate in the demonstration project. Based on information from BIA, CBO expects that each grant would range between $40,000 to $50,000 and we estimate that providing such grants would cost about $1 million each year over the 2003–2007 period, assuming the appropriation of the necessary amounts. Enacting S. 343 would not affect direct spending or revenues.

S. 343 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Lanette J. Walker. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

Paragraph 11(b) of rule XXVI of the Standing Rules of the Senate requires that each report accompanying a bill to evaluate the regulatory paperwork impact that would be incurred in implementing the legislation. The Committee has concluded that an enactment of S. 343 will create only a de minimis regulatory or paperwork burdens.

EXECUTIVE COMMUNICATIONS

The Committee has received no official communication from the Administration on the provisions of S. 343.

CHANGES IN EXISTING LAW

In compliance with subsection 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill are required to be set in the accompanying Committee report. The Committee states that enactment of S. 343 will not result in any changes in existing law.

APPENDIX

[From the Public Papers of the Presidents of the United States Containing the Public Messages, Speeches, and Statements of the President

SPECIAL MESSAGE TO THE CONGRESS ON INDIAN AFFAIRS, JULY 8, 1970, BY PRESIDENT RICHARD NIXON

To the Congress of the United States:

The first Americans—the Indians—are the most deprived and most isolated minority group in our nation. On virtually every scale of measurement—employment, income, education, health—the condition of the Indian people ranks at the bottom.

This condition is the heritage of centuries of injustice. From the time of their first contact with European settlers, the American Indians have been oppressed and brutalized, deprived of their ancestral lands and denied the opportunity to control their own destiny. Even the Federal programs which are intended to meet their needs have frequently proven to be ineffective and demeaning.

But the story of the Indian in America is something more than the record of the white man's frequent aggression, broken agreements, intermittent remorse and prolonged failure. It is a record also of endurance, of survival, of adaptation and creativity in the face of overwhelming obstacles. It is a record of enormous contributions to this country—to its art and culture, to its strength and spirit, to its sense of history and its sense of purpose.

It is long past time that the Indian policies of the Federal government began to recognize and build upon the capacities and insights of the Indian people. Both as a matter of justice and as a matter of enlightened social policy, we must begin to act on the basis of what the Indians themselves have long been telling us. The time has come to break decisively with the past and to create the conditions for a new era in which the Indian future is determined by Indian acts and Indian decisions.

SELF-DETERMINATION WITHOUT TERMINATION

The first and most basic question that must be answered with respect to Indian policy concerns the historic and legal relationship between the Federal government and Indian communities. In the past, this relationship has oscillated between two equally harsh and unacceptable extremes.

On the one hand, it has—at various times during previous Administrations—been the stated policy objective of both the Executive and Legislative branches of the Federal government eventually to terminate the trusteeship relationship between the Federal government and the Indian people. As recently as August of 1953, in

House Concurrent Resolution 108, the Congress declared that termination was the long-range goal of its Indian polices. This would mean that Indian tribes would eventually lose any special standing they had under Federal law: the tax exempt status of their lands would be discontinued; Federal responsibility for their economic and social well-being would be repudiated; and the tribes themselves would be effectively dismantled. Tribal property would be divided, among individual members who would then be assimilated into the society at large.

This policy of forced termination is wrong, in my judgment, for a number of reasons. First, the premises on which it rests are wrong. Termination implies that the Federal government has taken on a trusteeship responsibility for Indian communities as an act of generosity toward a disadvantaged people and that it can therefore discontinue this responsibility on a unilateral basis whenever it sees fit. But the unique status of Indian tribes does not rest on any premise such as this. The special relationship between Indians and the Federal government is the result instead of solemn obligations which have been entered into by the United States Government. Down through the years, through written treaties and through formal and informal agreements, our government has made specific commitments to the Indian people. For their part, the Indians have often surrendered claims to vast tracts of land and have accepted life on government reservations. In exchange, the government has agreed to provide community services such as health, education and public safety, services which would presumably allow Indian communities to enjoy a standard of living comparable to that of other Americans.

This goal, of course, has never been achieved. But the special relationship between the Indian tribes and the Federal government which arises from these agreements continues to carry immense moral and legal force. To terminate this relationship would be no more appropriate than to terminate the citizenship rights of any other American.

The second reason for rejecting forced termination is that the practical results have been clearly harmful in the few instances in which termination actually has been tried. The removal of Federal trusteeship responsibility has produced considerable disorientation among the affected Indians and has left them unable to relate to a myriad of Federal, State and local assistance efforts. Their economic and social condition has often been worse after termination than it was before.

The third argument I would make against forced termination concerns the effect it has had upon the overwhelming majority of tribes which still enjoy a special relationship with the Federal government. The very threat that this relationship may someday be ended has created a great deal of apprehension among Indian groups and this apprehension, in turn, has had a blighting effect on tribal progress. Any step that might result in greater social, economic or political autonomy is regarded with suspicion by many Indians who fear that it will only bring them closer to the day when the Federal government will disavow its responsibility and cut them adrift.

In short, the fear of one extreme policy, forced termination, has often worked to produce the opposite extreme: excessive dependence of the Federal government. In many cases this dependence is so great that the Indian community is almost entirely run by outsiders who are responsible and responsive to Federal officials in Washington, D.C., rather than to the communities they are supposed to be serving. This is the second of the two harsh approaches which have long plagued our Indian policies. Of the Department of the Interior's programs directly serving Indians, for example, only 1.5 percent are presently under Indian control. Only 2.4 percent of HEW's Indian health programs are run by Indians. The result is a burgeoning Federal bureaucracy, programs which are far less effective than they ought to be, and an erosion of Indian initiative and morale.

I believe that both of these policy extremes are wrong. Federal termination errs in one direction, Federal paternalism errs in the other. Only by clearly rejecting both of these extremes can we achieve a policy which truly serves the best interests of the Indian people. Self-determination among the Indian people can and must be encouraged without the threat of eventual termination. In my view, in fact that is the only way that self-determination can effectively be fostered.

This, then, must be the goal of any new national policy toward the Indian people: to strengthen the Indian's sense of autonomy without threatening his sense of community. We must assure the Indian that he can assume control of his own life without being separated involuntarily from the tribal group. And we must make it clear that Indians can become independent of Federal control without being cut off from Federal concern and Federal support. My specific recommendations to the Congress are designed to carry out this policy.

1. Rejecting Termination

Because termination is morally and legally unacceptable, because it produces bad practical results, and because the mere threat of termination tends to discourage greater self-sufficiency among Indian groups, I am asking the Congress to pass a new Concurrent Resolution which would expressly renounce, repudiate and repeal the termination policy as expressed in House Concurrent Resolution 108 of the 83rd Congress. This resolution would explicitly affirm the integrity and right to continued existence of all Indian tribes and Alaska native governments, recognizing that cultural pluralism is a source of national strength. It would assure these groups that the United States Government would continue to carry out its treaty and trusteeship obligations to them as long as the groups themselves believed that such a policy was necessary or desirable. It would guarantee that whenever Indian groups decided to assume control or responsibility for government service programs, they could do so and still receive adequate Federal financial support. In short, such a resolution would reaffirm for the Legislative branch—as I hereby affirm for the Executive branch—that the historic relationship between the Federal government and the Indian communities cannot be abridged without the consent of the Indians.

2. The Right to Control and Operate Federal Programs

Even as we reject the goal of forced termination, so must we reject the suffocating pattern of paternalism. But how can we best do this? In the past, we have often assumed that because the government is obliged to provide certain services for Indians, it therefore must administer those same services. And to get rid of Federal administration, by the same token, often meant getting rid of the whole Federal program. But there is no necessary reason for this assumption. Federal support programs for non-Indian communities—hospitals and schools are two ready examples—are ordinarily administered by local authorities. There is no reason why Indian communities should be deprived of the privilege of self-determination merely because they receive monetary support from the Federal government. Nor should they lose Federal money because they reject Federal control.

For years we have talked about encouraging Indians to exercise greater self-determination, but our progress has never been commensurate with our promises. Part of the reason for this situation has been the threat of termination. But another reason is the fact that when a decision is made as to whether a Federal program will be turned over to Indian administration, it is the Federal authorities and not the Indian people who finally make that decision.

This situation should be reversed. In my judgment, it should be up to the Indian tribe to determine whether it is willing and able to assume administrative responsibility for a service program which is presently administered by a Federal agency. To this end, I am proposing legislation which would empower a tribe or a group of tribes or any other Indian community to take over the control or operation of Federally-funded and administered programs in the Department of the Interior and the Department of Health, Education and Welfare whenever the tribal council or comparable community governing group voted to do so.

Under this legislation, it would not be necessary for the Federal agency administering the program to approve the transfer of responsibility. It is my hope and expectation that most such transfers of power would still take place consensually as a result of negotiations between the local community and the Federal government. But in those cases in which an impasse arises between the two parties, the final determination should rest with the Indian community.

Under the proposed legislation, Indian control of Indian programs would always be a wholly voluntary matter. It would be possible for an Indian group to select that program or that specified portion of a program that it wants to run without assuming responsibility for other components. The "right of retrocession" would also be guaranteed; this means that if the local community elected to administer a program and then later decided to give it back to the Federal government, it would always be able to do so.

Appropriate technical assistance to help local organizations successfully operate these programs would be provided by the Federal government. No tribe would risk economic disadvantage from managing its own programs; under the proposed legislation, locally-administered programs would be funded on equal terms with similar services still administered by Federal authorities. The legislation I

propose would include appropriate protections against any action which endangered the rights, the health, the safety or the welfare of individuals. It would also contain accountability procedures to guard against gross negligence or mismanagement of Federal funds.

This legislation would apply only to services which go directly from the Federal government to the Indian community; those services which are channeled through State or local governments could still be turned over to Indian control by mutual consent. To run the activities for which they have assumed control, the Indian groups could employ local people or outside experts. If they chose to hire Federal employees who had formerly administered these projects, those employees would still enjoy the privileges of Federal employee benefit programs—under special legislation which will also be submitted to the Congress.

Legislation which guarantees the right of Indians to contract for the control or operation of Federal programs would directly channel more money into Indian communities, since Indians themselves would be administering programs and drawing salaries which now often go to non-Indian administrators. The potential for Indian control is significant, for we are talking about programs which annually spend over $400 million in Federal funds. A policy which encourages Indian administration of these programs will help build greater pride and resourcefulness within the Indian community. At the same time, programs which are managed and operated by Indians are likely to be more effective in meeting Indian needs.

I speak with added confidence about these anticipated results because of the favorable experience of programs which have already been turned over to Indian control. Under the auspices of the Office of Economic Opportunity, Indian communities now run more than 60 community action agencies which are located on Federal reservations. OEO is planning to spend some $57 million in Fiscal Year 1971 through Indian-controlled grantees. For over four years, many OEO-funded programs have operated under the control of local Indian organizations and the results have been most heartening.

Two Indian tribes—the Salt River Tribe and the Zuni Tribe—have recently extended this principle of local control to virtually all of the programs which the Bureau of Indian Affairs has traditionally administered for them. Many Federal officials, including the Agency Superintendent, have been replaced by elected tribal officers or tribal employees. The time has now come to build on these experiences and to extend local Indian control—at a rate and to the degree that the Indians themselves establish.

3. Restoring the Sacred Lands Near Blue Lake

No government policy toward Indians can be fully effective unless there is a relationship of trust and confidence between the Federal government and the Indian people. Such a relationship cannot be completed overnight; it is inevitably the product of a long series of words and actions. But we can contribute significantly to such a relationship by responding to just grievances which are especially important to the Indian people.

One such grievance concerns the sacred Indian lands at the near Blue Lake in New Mexico. From the fourteenth century, the Taos Pueblo Indians used these areas for religious and tribal purposes. In 1906, however, the United States Government appropriated these lands for the creation of a national forest. According to a recent determination of the Indian Claims Commission, the government "took said lands from petitioner without compensation."

For 64 years, the Taos Pueblo has been trying to regain possession of this sacred lake and watershed area in order to preserve it in its natural condition and limit its non-Indian use. The Taos Indians consider such action essential to the protection and expression of their religious faith.

The restoration of the Blue Lake lands to the Taos Pueblo Indians is an issue of unique and critical importance to Indians throughout the country. I therefore take this opportunity wholeheartedly to endorse legislation which would restore 48,000 acres of sacred land to the Taos Pueblo people, with the statutory promise that they would be able to use these lands for traditional purposes and that except for such uses the lands would remain forever wild.

With the addition of some perfecting amendments, legislation now pending in the Congress would properly achieve this goal. That legislation (H.R. 471) should promptly be amended and enacted. Such action would stand as an important symbol of this government's responsiveness to the just grievances of the American Indians.

4. Indian Education

One of the saddest aspects of Indian life in the United States is the low quality of Indian education. Drop-out rates for Indians are twice the national average and the average educational level for all Indians under Federal supervision is less than six school years. Again, at least a part of the problem stems from the fact that the Federal government is trying to do for Indians what many Indians could do better for themselves.

The Federal government now has responsibility for some 221,000 Indian children of school age. While over 50,000 of these children attend schools which are operated directly by the Bureau of Indian Affairs, only 750 Indian children are enrolled in schools where the responsibility for education has been contracted by the BIA to Indian school boards. Fortunately, this condition is beginning to change. The Ramah Navajo Community of New Mexico and the Rough Rock and Black Water Schools in Arizona are notable examples of schools which have recently been brought under local Indian control. Several other communities are now negotiating for similar arrangements.

Consistent with our policy that the Indian community should have the right to take over the control and operation of federally funded programs, we believe every Indian community wishing to do so should be able to control its own Indian schools. This control would be exercised by school boards selected by Indians and functioning much like other school boards throughout the nation. To assure that this goal is achieved, I am asking the Vice President, acting in his role as Chairman of the National Council on Indian Op-

portunity,[1] to establish a Special Education Subcommittee of that Council. The members of that Subcommittee should be Indian educators who are selected by the Council's Indian members. The Subcommittee will provide technical assistance to Indian communities wishing to establish school boards, will conduct a nationwide review of the educational status of all Indian school children in whatever schools they may be attending, and will evaluate and report annually on the status of Indian education, including the extent of local control. This Subcommittee will act as a transitional mechanism; its objective should not be self-perpetuation but the actual transfer of Indian education to Indian communities.

We must also take specific action to benefit Indian children in public schools. Some 141,000 Indian children presently attend general public schools near their homes. Fifty-two thousand of these are absorbed by local school districts without special Federal aid. But 89,000 Indian children attend public schools in such high concentrations that the State or local school districts involved are eligible for special Federal assistance under the Johnson-O'Malley Act.[2] In Fiscal Year 1971, the Johnson-O'Malley program will be funded at a level of some $20 million.

This Johnson-O'Malley money is designed to help Indian students, but since funds go directly to the school districts, the Indians have little if any influence over the way in which the money is spent. I therefore propose that the Congress amend the Johnson-O'Malley Act so as to authorize the Secretary of the Interior to channel funds under this act directly to Indian tribes and communities. Such a provision would give Indians the ability to help shape the schools which their children attend and, in some instances, to set up new school systems of their own. At the same time, I am directing the Secretary of the Interior to make every effort to ensure that Johnson-O'Malley funds which are presently directed to public school districts are actually spent to improve the education of Indian children in these districts.

5. Economic Development Legislation

Economic deprivation is among the most serious of Indian problems. Unemployment among Indians is ten times the national average; the unemployment rate runs as high as 80 percent on some of the poorest reservations. Eighty percent of reservation Indians have an income which falls below the poverty line; the average annual income for such families is only $1,500. As I said in September of 1968, it is critically important that the Federal government support and encourage efforts which help Indians develop their own economic infrastructure. To that end, I am proposing the "Indian Financing Act of 1970."

This act would do two things:

1. It would broaden the existing Revolving Loan Fund, which loans money for Indian economic development projects. I am asking

[1] Executive Order 11551, dated August 11, 1970, provided for additional Indian members on the National Council on Indian Opportunity. A White House release dated August 31, announcing the appointment of eight new members to the Council, is printed in the Weekly Compilation of Presidential Documents (vol. 6, p. 1132).

[2] Public Law No. 638, June 4, 1936 (49 Stat. 1458; 25 U.S.C. 452–455).

that the authorization for this fund be increased from approximately $25 million to $75 million.

2. It would provide additional incentives in the form of loan guarantees, loan insurance and interest subsidies to encourage private lenders to loan more money for Indian economic projects. An aggregate amount of $200 million would be authorized for loan guarantee and loan insurance purposes.

I also urge that legislation be enacted which would permit any tribe which chooses to do so to enter into leases of its land for up to 99 years. Indian people now own over 50 million acres of land that are held in trust by the Federal government. In order to compete in attracting investment capital for commercial, industrial and recreational development of these lands, it is essential that the tribes be able to offer long-term leases. Long-term leasing is preferable to selling such property since it enable tribes to preserve the trust ownership of their reservation homelands. But existing law limits the length of time for which many tribes can enter into such leases. Moreover, when long-term leasing is allowed, it has been granted by Congress on a case-by-case basis, a policy which again reflects a deep-rooted pattern of paternalism. The twenty reservations which have already been given authority for long-term leasing have realized important benefits from that privilege and this opportunity should now be extended to all Indian tribes.

Economic planning is another area where our efforts can be significantly improved. The comprehensive economic development plans that have been created by both the Pima-Maricopa and the Zuni Tribes provide outstanding examples of interagency cooperation in fostering Indian economic growth. The Zuni Plan, for example, extends for at least five years and involves a total of $55 million from the Departments of Interior, Housing and Urban Development, and Health, Education and Welfare and from the Office of Economic Opportunity and the Economic Development Administration. I am directing the Secretary of the Interior to play an active role in coordinating additional projects of this kind.

6. More Money for Indian Health

Despite significant improvements in the past decade and a half, the health of Indian people still lags 20 to 25 years behind that of the general population. The average age at death among Indians is 44 years, about one-third less than the national average. Infant mortality is nearly 50% higher for Indians and Alaska natives than for the population at large; the tuberculosis rate is eight times as high and the suicide rate is twice that of the general population. Many infectious diseases such as trachoma and dysentery that have all but disappeared among other Americans continue to afflict the Indian people.

This Administration is determined that the health status of the first Americans will be improved. In order to initiate expanded efforts in this area, I will request the allocation of an additional $10 million for Indian health programs for the current fiscal year. This strengthened Federal effort will enable us to address ourselves more effectively to those health problems which are particularly important to the Indian community. We understand, for example, that areas of greatest concern to Indians include the prevention

and control of alcoholism, the promotion of mental health and the control of middle-ear disease. We hope that the ravages of middle-ear disease—a particularly acute disease among Indians—can be brought under control within five years.

These and other Indian health programs will be most effective if more Indians are involved in running them. Yet—almost unbelivably—we are presently able to identify in this country only 30 physicians and fewer than 400 nurses of Indian descent. To meet this situation, we will expand our efforts to train Indians for health careers.

7. Helping Urban Indians

Our new census will probably show that a larger proportion of America's Indians are living off the reservation than ever before in our history. Some authorities even estimate that more Indians are living in cities and towns than are remaining on the reservation. Of those American Indians who are now dwelling in urban areas approximately three-fourths are living in poverty.

The Bureau of Indian Affairs is organized to serve the 462,000 reservation Indians. The BIA's responsibility does not extend to Indians who have left the reservation, but this point is not always clearly understood. As a result of this misconception, Indians living in urban areas have often lost out on the opportunity to participate in other programs designed for disadvantaged groups. As a first step toward helping the urban Indians, I am instructing appropriate officials to do all they can to ensure that this misunderstanding is corrected.

But misunderstandings are not the most important problem confronting urban Indians. The biggest barrier faced by those Federal, State and local programs which are trying to serve urban Indians is the difficulty of locating and identifying them. Lost in the anonymity of the city, often cut off from family and friends, many urban Indians are slow to establish new community ties. Many drift from neighborhood to neighborhood; many shuttle back and forth between reservations and urban areas. Language and cultural differences compound these problems. As a result, Federal, State and local programs which are designed to help such persons often miss this most deprived and least understood segment of the urban poverty population.

This Administration is already taking steps which will help remedy this situation. In a joint effort, the Office of Economic Opportunity and the Department of Health, Education and Welfare will expand support to a total of seven urban Indian centers in major cities which will act as links between existing Federal, State and local service programs and the urban Indians. The Departments of Labor, Housing and Urban Development and Commerce have pledged to cooperate with such experimental urban centers and the Bureau of Indian Affairs has expressed its willingness to contract with these centers for the performance of relocation services which assist reservation Indians in their transition to urban employment.

These efforts represent an important beginning in recognizing and alleviating the severe problems faced by urban Indians. We hope to learn a great deal from these projects and to expand our

efforts as rapidly as possible. I am directing the Office of Economic Opportunity to lead these efforts.

8. Indian Trust Counsel Authority

The United States Government acts as a legal trustee for the land and water rights of American Indians. These rights are often of critical economic importance to the Indian people; frequently they are also the subject of extensive legal dispute. In many of these legal confrontations, the Federal government is faced with an inherent conflict of interest. The Secretary of the Interior and the Attorney General must at the same time advance both the national interest in the use of land and water rights and the private interests of Indians in land which the government holds as trustee.

Every trustee has a legal obligation to advance the interests of the beneficiaries of the trust without reservation and with the highest degree of diligence and skill. Under present conditions, it is often difficult for the Department of the Interior and the Department of Justice to fulfill this obligation. No self-respecting law firm would ever allow itself to represent two opposing clients in one dispute; yet the Federal government has frequently found itself in precisely that position. There is considerable evidence that the Indians are the losers when such situations arise. More that that, the credibility of the Federal government is damaged whenever it appears that such a conflict of interest exists.

In order to correct this situation, I am calling on the Congress to establish an Indian Trust Counsel Authority to assure independent legal representation for the Indians' natural resource rights. This Authority would be governed by a three-man board of directors, appointed by the President with the advice and consent of the Senate. At least two of the board members would be Indian. The chief legal officer of the Authority would be designated as the Indian Trust Counsel.

The Indian Trust Counsel Authority would be independent of the Departments of the Interior and Justice and would be expressly empowered to bring suit in the name of the United States in its trustee capacity. The United States would waive its sovereign immunity from suit in connection with litigation involving the Authority.

9. Assistant Secretary for Indian and Territorial Affairs

To help guide the implementation of a new national policy concerning American Indians, I am recommending to the Congress the establishment of a new position in the Department of the Interior—Assistant Secretary for Indian and Territorial Affairs. At present, the Commissioner of Indian Affairs reports to the Secretary of the Interior through the Assistant Secretary for Public Land Management—an officer who has many responsibilities in the natural resources area which compete with his concern for Indians. A new Assistant Secretary for Indian and Territorial Affairs would have only one concern—the Indian and territorial peoples, their land, and their progress and well-being. Secretary Hickel and I both believe this new position represents an elevation of Indian affairs to their proper role within the Department of the Interior and we urge Congress to act favorably on this proposal.

CONTINUING PROGRAMS

Many of the new programs which are outlined in this message have grown out of this Administration's experience with other Indian projects that have been initiated or expanded during the last 17 months.

The Office of Economic Opportunity has been particularly active in the development of new and experimental efforts. OEO's Fiscal Year 1971 budget request for Indian-related activities is up 18 percent from 1969 spending. In the last year alone—to mention just two examples—OEO doubled its funds for Indian economic development and tripled its expenditures for alcoholism and recovery programs. In areas such as housing and home improvement, health care, emergency food, legal services and education, OEO programs have been significantly expanded. As I said in my recent speech on the economy, I hope that the Congress will support this valuable work by appropriating the full amount requested for the Economic Opportunity Act.

The Bureau of Indian Affairs has already begun to implement our policy of contracting with local Indians for the operation of government programs. As I have noted, the Salt River Tribe and the Zuni Tribe have taken over the bulk of Federal services; other projects ranging from job training centers to high school counseling programs have been contracted out to Indian groups on an individual basis in many areas of the country.

Economic development has also been stepped up. Of 195 commercial and industrial enterprises which have been established in Indian areas with BIA assistance, 71 have come into operation within the last two years. These enterprises provide jobs for more than 6,000 Indians and are expected to employ substantially more when full capacity is reached. A number of these businesses are now owned by Indians and many others are managed by them. To further increase individual Indian ownership, the BIA has this month initiated the Indian Business Development Fund which provides equity capital to Indians who go into business in reservation areas.

Since late 1967, the Economic Development Administration has approved approximately $80 million in projects on Indian reservations, including nearly $60 million in public works projects. The impact of such activities can be tremendous; on the Gila River Reservation in Arizona, for example, economic development projects over the last three years have helped to lower the unemployment rate from 56 to 18 percent, increase the median family income by 150 percent and cut the welfare rate by 50 percent.

There has been additional progress on many other fronts since January of 1969. New "Indian Desks" have been created in each of the human resource departments of the Federal Government to help coordinate and accelerate Indian programs. We have supported an increase in funding of $4 million for the Navajo Irrigation Project. Housing efforts have picked up substantially; a new Indian Police Academy has been set up; Indian education efforts have been expanded—including an increase of $848,000 in scholarships for Indian college students and the establishment of the Navajo Community College, the first college in America planned, developed and operated by and for Indians. Altogether, obligational au-

thority for Indian programs run by the Federal Government has increased from a little over $598 million in Fiscal Year 1970 to almost $626 million in Fiscal Year 1971.

Finally, I would mention the impact on the Indian population of the series of welfare reform proposals I have sent to the Congress. Because of the high rate of unemployment and underemployment among Indians, there is probably no other group in the country that would be helped as directly and as substantially by programs such as the new Family Assistance Plan and the proposed Family Health Insurance Plan. It is estimated, for example, that more than half of all Indian families would be eligible for Family Assistance benefits and the enactment of this legislation is therefore of critical importance to the American Indian.

This Administration has broken a good deal of new ground with respect to Indian problems in the last 17 months. We have learned many things and as a result we have been able to formulate a new approach to Indian affairs. Throughout this entire process, we have regularly consulted the opinions of the Indian people and their views have played a major role in the formulation of Federal policy.

As we move ahead in this important work, it is essential that the Indian people continue to lead the way by participating in policy development to the greatest possible degree. In order to facilitate such participation, I am asking the Indian members of the National Council on Indian Opportunity to sponsor field hearings throughout the nation in order to establish a continuing dialogue between the Executive branch of government and the Indian population of our country. I have asked the Vice President to see that the first round of field hearings are completed before October.

The recommendations of this Administration represent an historic step forward in Indian policy. We are proposing to break sharply with past approaches to Indian problems. In place of a long series of piecemeal reforms, we suggest a new and coherent strategy. In place of policies which simply call for more spending, we suggest policies which call for wiser spending. In place of policies which oscillate between the deadly extremes of forced termination and constant paternalism, we suggest a policy in which the Federal government and the Indian community play complementary roles.

But most importantly, we have turned from the question of whether the Federal government has a responsibility to Indians to the question of how that responsibility can best be fulfilled. We have concluded that the Indians will get better programs and that public monies will be more effectively expended if the people who are most affected by these programs are responsible for operating them.

The Indians of America need Federal assistance—this much has long been clear. What has not always been clear, however, is that the Federal government needs Indian energies and Indian leadership if its assistance is to be effective in improving the conditions of Indian life. It is a new and balanced relationship between the United States government and the first Americans that is at the heart of our approach to Indian problems. And that is why we now

approach these problems with new confidence that they will successfully be overcome.

RICHARD NIXON.

THE WHITE HOUSE, *July 8, 1970.*

Note.—On the same day, the White House released a summary of the message and the transcript of a news briefing on it by Vice President Spiro T. Agnew and Leonard Garment, Special Consultant to the President.

United States General Accounting Office

GAO

Report to Congressional Requesters

December 2001

ECONOMIC DEVELOPMENT

Federal Assistance Programs for American Indians and Alaska Natives

GAO

Accountability * Integrity * Reliability

GAO-02-193

United States General Accounting Office December 2001

GAO
Accountability★Integrity★Reliability

Highlights

ECONOMIC DEVELOPMENT
Federal Assistance Programs for American Indians and Alaska Natives

Highlights of GAO-02-193, a report to the Senate Committee on Indian Affairs, House Committee on Resources, Senator Thomas A. Daschle, and Congressman John R. Thune.

Why GAO Did This Study

In view of the high poverty and unemployment rates experienced by American Indians and Alaska Natives (Indians), the Omnibus Indian Advancement Act required GAO to study federal programs that tribes and tribal members can use for economic development activities. GAO sought to identify relevant federal economic development programs and the extent of their use as well as summarize agencies' assessments of the effectiveness of their programs.

What GAO Found

About 100 federal programs are available to potentially assist Indians with economic development activities, including 16 programs that require applicants or beneficiaries to be Indians. In general, these programs provide grants, loans, loan guarantees, or technical assistance to support activities that include economic development planning, capacity-building, and financing for business enterprises. Over half of these programs were reported as used during 1997, 1998, or 1999 by at least 1 tribal entity, and 20 programs were used by 15 or more tribal entities, which include tribal governments and other tribal organizations. The remaining programs may not have been reported used for a variety of reasons, such as programs being geared toward individual users, rather than tribal entities, and tribal entities not yet reporting the information.

The agencies that operate the majority of the programs that GAO identified generally report that their programs have assisted economic development in various ways, such as creating and retaining jobs; however, little is known about assistance as it relates to Indians. The recent requirement that a single office be established to coordinate federal programs relating to Indian economic development has the potential to improve Indians' access to federal programs and to provide federal decisionmakers with performance information that is more directly related to Indians.

The agencies that operate the majority of these programs reviewed the report and generally agreed with its findings.

These pictures show a variety of Indian economic development activities, such as grain production, hunting and fishing, casino gaming, forestry, and houseboat rentals.

This is a test for developing highlights for a GAO report. The full report, including GAO's objectives, scope, methodology, and analysis is available at www.gao.gov/cgi-bin/getrpt?GAO-02-193. For additional information about the report, contact Thomas J. McCool (202-512-8678). To provide comments on this test highlights, contact Keith Fultz (202-512-3200) or e-mail HighlightsTest@gao.gov.

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Abbreviations

BIA	Bureau of Indian Affairs
CFDA	*Catalog of Federal Domestic Assistance*
DOC	Department of Commerce
DOI	Department of the Interior
EDA	Economic Development Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
SBA	Small Business Administration
USDA	U.S. Department of Agriculture

United States General Accounting Office
Washington, DC 20548

December 21, 2001

The Honorable Daniel K. Inouye
Chairman
The Honorable Ben Nighthorse Campbell
Vice Chairman
Committee on Indian Affairs
United States Senate

The Honorable James V. Hansen
Chairman
The Honorable Nick J. Rahall II
Ranking Minority Member
Committee on Resources
House of Representatives

The Honorable Thomas A. Daschle
United States Senate

The Honorable John R. Thune
House of Representatives

Despite the relatively recent success of casino gaming and other business ventures for some Native American and Alaska Native communities, economic distress is common among Indians,[1] as shown by the continuing widespread unemployment and poverty in these communities. The differing needs of Indians are reflected in the diversity of their tribes, which vary in history, geography, population, natural resources, accessibility, and numerous other aspects.

This report responds to section 421 of the Omnibus Indian Advancement Act,[2] which requires us to study federal programs designed to assist Indians with economic development activities. As agreed with your staffs, this report (1) identifies federal programs that are available to assist tribes and tribal members with economic development, job creation, entrepreneurship, and business development; (2) provides information on

[1]In this report, the term "Indian" refers to Native American and Alaska Native communities and their members.

[2]Pub. L. No. 106-568 (2000).

the extent that these programs are used; and (3) summarizes agencies' assessments of the effectiveness of their programs. In conducting our work, we reviewed external studies that described factors other than program effectiveness that are essential to improving Indian economies. Consequently, we also provide a summary of those studies.

To address these objectives, we used the *Catalog of Federal Domestic Assistance* (CFDA) to identify federal programs that Indians could use for economic development activities.[3] We also analyzed information from the Federal Audit Clearinghouse's single audit database,[4] which contains audit report information from nonfederal governments and nonprofit organizations that receive federal funds, including tribal governments and organizations. In addition, we reviewed agencies' plans and reports that were prepared in accordance with the Government Performance and Results Act of 1993 to obtain information on their programs' effectiveness. We also met with tribal officials, Indian organizations, and federal program officials to discuss economic development activities.

We conducted our review from April through November 2001 in accordance with generally accepted government auditing standards. Appendix I contains a detailed description of our scope and methodology.

Background

According to the 2000 Census, American Indians and Alaska Natives number about 2.5 million nationwide. An estimated 40 percent of Indians live on reservations; the other 60 percent live either close to the reservations or farther away. Tribes—sometimes referred to as nations, bands, pueblos, communities, rancherias, or villages—are various sizes. Their populations, also known as the number of enrolled members of a tribe, vary from less than 25 to more than 100,000 members per tribe. As of

[3]CFDA is a governmentwide compendium of federal programs and activities that is coordinated by the Office of Management and Budget and compiled by the General Services Administration.

[4]The Federal Audit Clearinghouse, within the Bureau of the Census, operates this database on behalf of the Office of Management and Budget to disseminate information to the public, among other things. The single audit database contains information from audit reports filed by states, local governments, and nonprofit organizations that expend $300,000 or more in federal awards for every fiscal year they meet the dollar threshold. Approximately 32,000 entities submitted reports for calendar year 1998.

May 2001, there were 561[5] federally recognized Indian tribes, including over 200 Alaska Native villages and about 300 reservations in at least 30 states.

Tribes represent different histories, ethnicities, cultures, and languages, and tribal land holdings vary dramatically in size and in their accessibility, geography, and natural resources. In addition, tribes face some of the nation's highest poverty and unemployment rates. According to the Department of the Interior's (DOI) Bureau of Indian Affairs (BIA), among Indians living on or near reservations in 1999, the unemployment rate averaged 43 percent, and, among the employed, the poverty rate averaged 33 percent.[6] The situation is much worse on some reservations. For example, the Pine Ridge reservation located in South Dakota has an 85-percent unemployment rate and a 63-percent poverty rate. The National Congress of American Indians reports that, even with the introduction of casino gaming, which is offered by more than 190 tribes, the vast majority of tribes are mired in severe economic depression.[7]

Tribes are unique in that they are sovereign governments. The U.S. government has recognized the sovereign status of tribes since the formation of the United States. The U.S. Constitution, treaties, and other federal government actions have established tribal sovereignty. Tribes generally cannot be taxed by states, are not subject to federal income tax, and have governmental immunity. The federal government has various financial obligations to tribes on the basis of treaties and overall trust responsibility. The federal government holds title to tribal lands that are in a trust status to ensure that the lands cannot be taken away and remain subject to the authority of the tribal governments.

During the past 30 years, tribes have begun asserting their self-governance and self-determination. To help them manage tribal business, tribes have formed organizations that may include tribal governments or subsidiaries

[5]This number includes three tribes that were notified of the reaffirmation of their federal recognition on December 29, 2000, but the current Assistant Secretary for Indian Affairs is reconsidering this reaffirmation.

[6]For 1999, the Bureau of Labor Statistics reported that the national average annual unemployment rate was 4.2 percent, and the Bureau of the Census estimated that 10 percent of the people aged 18 to 64 years were below the poverty level.

[7]*An Introduction to Indian Nations in the United States*, National Congress of American Indians, (not dated).

of tribal governments, such as schools, housing, or health corporations. In addition, tribes may form a consortium through which they combine their funding to provide services to their members. Finally, Alaska Natives are members of village corporations and regional corporations that have been established under the Alaska Native Claims Settlement Act of 1971.

As we have previously reported, many agencies offer a variety of programs that can be used to assist communities with economic development activities.[6] These programs generally provide assistance in the form of grants, loans, loan guarantees, or direct payments to applicants such as state, local, and tribal governments; private organizations; and individuals. Financial and nonfinancial information on these programs is made publicly available through CFDA—a governmentwide compendium of federal programs and activities that is coordinated by the Office of Management and Budget and compiled by the General Services Administration. The 2001 CFDA contains 1,458 assistance programs administered by 63 federal agencies. By federal law,[7] states, local governments, and nonprofit organizations that annually expend $300,000 or more in federal awards are required to have audits conducted in accordance with the Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (June 24, 1997). The circular further requires that the results of these audits be submitted to the Federal Audit Clearinghouse, which is responsible for maintaining this information in the governmentwide single audit database.

While the focus of this report is on programs identified in CFDA, the federal government also provides regulatory advantages and tax incentives that support economic development for tribes and tribal members. In the past, regulatory advantages have included provisions that facilitate casino gaming compacts between tribes and states, allow the designation of trust lands, and specify that tribes can participate in programs such as federal empowerment zones. Regulatory advantages have also provided priority for federal funding and government contracting to disadvantaged businesses, which may include Indian businesses. Tax incentives include accelerated depreciation for businesses on tribal lands and employment tax credits to businesses that employ tribal members.

[6]See *Economic Development: Multiple Federal Programs Fund Similar Economic Development Activities* (GAO/RCED/GGD-00-220, Sept. 29, 2000).

[7]31 U.S.C. Chapter 75.

In addition to federal support for economic development, Indians may receive funds or services from state and local government programs, philanthropic organizations, nonprofit organizations, and private sector businesses.

About 100 Federal Programs Are Available to Tribes and Tribal Members for Economic Development

We identified 100 federal programs that were available to assist tribes or tribal members with economic development activities[10] from 1997 through 1999, of which 98 remain available for use.[11] These programs are operated by different agencies and are used for various activities. The programs also vary significantly in how directly they provide assistance. For example, some programs are targeted to Indian applicants or beneficiaries, such as the Aid to Tribal Governments program. For several Department of Agriculture (USDA) programs, a portion of the funding is earmarked for projects that benefit Indians. Some programs—such as the Grants for Public Works and Economic Development program—explicitly include Indians among the eligible applicants and beneficiaries. Also, for programs such as the Small Business Loans program, Indians may be eligible to use the program even though the program does not specifically designate Indians as applicants. Finally, some programs provide funds to applicants, such as states, that may subsequently use the funds in a way that benefits Indians; for instance, the Community Development Block Grants/Entitlement Grants program is such a program. Appendix II contains information on each program.

As shown in table 1, these programs are operated by 18 federal agencies, most of which have more than 1 of these economic development programs. Over two-thirds of the programs are operated by five agencies—USDA; the Department of Commerce (DOC), which includes the Economic Development Administration (EDA); the Small Business Administration (SBA); the Department of Housing and Urban Development (HUD); and DOI, which includes BIA.

[10]We identified these programs primarily by using CFDA. We did not include programs that can assist with economic development activities, but that were not available to Indians. For example, two agencies operate programs that provide economic development assistance that is limited to the U.S. Territories of Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands; and the freely associated States of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

[11]Two programs—Economic Development/State and Local Economic Planning (CFDA number 11.305) and Tribal Self-Governance Grants (CFDA number 15.023)—are no longer available for use, but are included in our analyses.

Table 1: Number of Federal Programs, by Agency, That Can Be Used to Fund Economic Development Activities of Tribes and Tribal Members

Agency	Number of programs that can fund economic development
Department of Agriculture	18
Department of Commerce	18
Small Business Administration	13
Department of Housing and Urban Development	11
Department of the Interior	11
Department of Defense	7
Department of Transportation	5
Appalachian Regional Commission	3
Department of Health and Human Services	3
Department of Energy	2
General Services Administration	2
Denali Commission	1
Department of Education	1
Department of the Treasury	1
Environmental Protection Agency	1
National Credit Union Administration	1
National Foundation on the Arts and the Humanities	1
Overseas Private Investment Corporation	1

Source: GAO's analysis of CFDA program information.

In general, the economic development activities that these programs support include economic development planning assistance; capacity-building assistance, such as for establishing codes for operating businesses on tribal lands; financing for business enterprises; and technical assistance through a variety of means, such as project grants, block grants, loans, loan guarantees, and technical assistance. In addition, the programs support activities in areas such as agriculture, mining, forestry, fish and wildlife, manufacturing, or general business. These programs vary in the types of activities that they can fund, with some programs focusing primarily on economic development activities and other programs including economic development along with other types of activities. For example, DOC's Native American Program and BIA's Indian Economic Development program focus on economic and business development, while HUD's Indian Community Development Block Grant Program and the Department of Health and Human Services' (HHS) Native American Programs address issues such as health, housing, and social

services, along with economic development. The requirements of some programs are designed to serve specific needs that differ on the basis of such factors as geography, economic distress, industry type, and military presence. For example, the Appalachian Regional Commission's programs must benefit a specific geographic region.

Some of the programs are targeted to Indians; others are available to a wider range of applicants and beneficiaries or may include Indians who meet the programs' eligibility restrictions, which can include geography, economic distress, industry type, military presence, or minority status. Specifically, 16 of the programs are targeted to Indians and can be used for economic development assistance, including 11 DOI programs, such as the Aid to Tribal Governments program, and the programs that support agriculture; fish, wildlife, and parks; minerals and mining; and forestry on Indian lands. Also included among the targeted programs are HUD's Indian Community Development Block Grant Program and HHS' Native American Programs.

Tribal Entities' Use of Programs Has Varied

Information from both the single audit database and our visits to specific tribes indicates that the extent of use of the programs we identified has varied among tribal entities and across programs. Tribal entities that are included in the database consist of tribal governments and nonprofit organizations, such as housing authorities and schools.[12] Of the 746 tribal entities whose reports were included in the single audit database, 433 reported using at least 1 of the economic development programs during the 3-year period of 1997 through 1999. Furthermore, 198 entities reported using 3 or more programs. Many of the entities that did not report using any of the programs were entities that focus on areas other than economic development, such as education, social services, and health care.

The extent of the use of the programs also varied across tribes. Fifty-four of the 100 programs were reported as used once or more by at least 1 tribal entity during 1997, 1998, or 1999. While the remaining programs were not reported as used by tribal entities, they may have been used during different years or by individuals and for-profit entities, neither of

[12]Information from the database is presented by entity because we could not always identify the tribal affiliation.

which is included in the database.[13] During this 3-year period, 20 programs were reported as used by 15 or more tribal entities, and 12 of these programs are targeted to Indians. As shown in table 2, these 20 programs are funded through 5 federal agencies—HHS, HUD, DOI, DOC, and USDA.

Table 2: The Economic Development Programs Most Frequently Reported as Used by Tribal Entities, 1997 through 1999

Dollars in millions

Program name (CFDA number)	Agency	Number of tribal entities that used the program	Total amount[a]
Native American Programs[b] (93.612)	HHS	256	$65
Indian Community Development Block Grant Program[b] (14.862)	HUD	181	126
Aid to Tribal Governments[b] (15.020)	DOI	122	52
Tribal Self-Governance[b] (15.022)	DOI	77	419
Fish, Wildlife, and Parks Programs on Indian Lands[b] (15.039)	DOI	75	44
Forestry on Indian Lands[b] (15.035)	DOI	51	18
Agriculture on Indian Lands[b] (15.034)	DOI	46	9
Economic Development/Support for Planning Organizations (11.302)	DOC	41	4
Community Development Block Grants/Entitlement Grants (14.218)	HUD	34	10
Indian Economic Development[b] (15.032)	DOI	32	5
Tribal Self-Governance Grants[b] (15.023)	DOI	28	29
Grants for Public Works and Economic Development (11.300)	DOC	27	10
Irrigation Operations and Maintenance on Indian Lands[b] (15.049)	DOI	24	6
National Forest/Dependent Rural Communities (10.670)	USDA	24	1
Minerals and Mining on Indian Lands[b] (15.038)	DOI	20	4
Indian Loans/Economic Development[b] (15.124)	DOI	19	28
Rural Business Enterprise Grants (10.769)	USDA	19	3
Community Development Block Grants/Special Purpose Grants/Technical Assistance Program (14.227)	HUD	16	8
Economic Adjustment Assistance (11.307)	DOC	16	9
Economic Development/State and Local Economic Development Planning (11.305)	DOC	15	1

[a]These totals may double count expenditures that were reported by both a recipient and a subrecipient.
[b]These programs are targeted for use by Indians.

Source: GAO's analysis of the single audit database.

[13]Other reasons that the programs may not have been reported are that some programs are limited to a specific area or industry that covers a small number of tribal entities, such as Appalachia or farming, respectively, and some reports may not yet have been filed. Appendix I of this report provides a more complete explanation of the limitations of the database.

These 20 programs generally provide assistance in the form of grants or direct payments for specified uses. For example, eight of the DOI programs provide direct payments for specific uses, such as supporting general tribal government operations, protecting and restoring rangeland and forests, conserving fish and wildlife resources, and operating irrigation projects. HHS' program provides direct loans and project grants for implementing social and economic development strategies that promote self-sufficiency. Eleven programs provide block grants and project grants that can be used for activities such as developing small and emerging businesses, constructing public works facilities to support jobs, establishing strategies to reduce unemployment and increase incomes, expanding economic opportunities, and supporting tribal self-governance. Some of the programs provide other support in addition to direct payments or grants. For example, BIA's Forestry on Indian Lands program provides advisory services and counseling, in addition to direct payments, and USDA's National Forest/Dependent Rural Communities program provides training and the use of property, facilities, and equipment, in addition to project grants. Another program, BIA's Indian Loans/Economic Development program provides guaranteed loans.

For the 3-year period that we reviewed, at least $196 million in grants was reported for these programs,[14] more than half of which (65 percent) was provided through HUD's Indian Community Development Block Grant Program. About $556 million was reported for direct payments,[15] the majority of which (75 percent) was provided through BIA's Tribal Self-Governance program. Because some of these programs can be used for a variety of activities, we could not identify the portion of these funds that was used for economic development activities.

During our visits to Indian reservations and villages, we obtained anecdotal information about the use of federal programs for economic development activities. Tribal officials cited numerous examples of using federal funding for business enterprises, including the following examples of current businesses:

[14]This amount excludes $65 million from HHS' Native American Programs, which could have been used for project grants or loans, and $8 million from HUD's Community Development Block Grants/Special Purpose Grants/Technical Assistance Program, which could have been used for project grants or direct payments.

[15]This amount excludes $8 million from HUD's Community Development Block Grants/Special Purpose Grants/Technical Assistance Program, which could have been used for project grants or direct payments.

- At the Pine Ridge reservation in South Dakota, members of the Oglala Sioux tribe have formed a tribally chartered corporation, called the Lakota Fund. This fund offers microenterprise loans to individuals, such as artisans, and small business loans to business start-ups or existing businesses. Two sources of federal funding used by the Lakota Fund include SBA's microlending program and USDA's Empowerment Zones Program.
- The Mississippi Band of Choctaw Indians has used federal funding for a number of business enterprises. For example, an SBA loan guarantee program was used to help develop First American Printing and Direct Mail, which is a commercial printing enterprise.
- The Peoria Tribe of Indians of Oklahoma used funding from HUD's Indian Community Development Block Grant Program for the construction of a golf course, in addition to other federal funds that were used to develop the course. The golf course is the tribe's major ongoing economic development project.

Tribal officials also described planned activities for which (1) they were seeking federal funding, including an apparel factory, a wood veneer manufacturing facility, industrial sites, and a motel and conference center complex, and (2) funding had not yet been decided, including restaurants, tourism facilities, and wind power generation.

Although Agencies Reported Progress in General, Recent Initiatives Might Help Efforts to Assist Indians

We reviewed agencywide performance information from the five agencies with the most programs that could provide economic development assistance to tribes—USDA, DOC, HUD, DOI, and SBA. In addition, we reviewed performance information related to HHS' Native American Programs. All of these agencies had goals and objectives related to economic development and measures related to job creation and retention[16] as well as other measures that varied among the agencies. In general, the agencies reported that these programs were successful; however, as might be expected, other than DOI, the reports did not specifically focus on the impact and effectiveness of federal assistance to tribes. Nonetheless, several initiatives are under way that might improve future availability of information on the effectiveness of these economic development programs.

[16]Agencies used different methods to obtain job creation statistics, which included dividing the designated funding by a "cost per job" that had been computed on the basis of its most recent estimate of cost per job created; using the expected job information from approved loan applications; and using grantee periodic self-reporting.

Performance Information Related to Indians Varied Among Agencies

The information available from agencies' performance plans and reports varied across the agencies, with BIA having the most information describing impact on Indians. Specifically, the BIA portion of DOI's 2002 performance plan and 2000 performance report addresses economic development for tribal entities in the following three areas of its plan:

- community development, which includes an overall goal of strengthening tribal communities through the development of self-sustaining economies and improved infrastructure and a more specific goal of reducing the unemployment rate among Indians from 43 percent in 1999 to 38 percent by 2005;
- resource management, which includes an overall goal of assisting Indians in protecting and preserving their natural resources and more specific goals of reforestation of tribal lands so that forest owners can benefit from the full productive capacity of their forests, restoration of trust lands for agronomic uses, and management of fish and wildlife programs; and
- tribal government, which includes an overall goal of providing tribes with the resources they need to foster strong and stable governments and exercise their authority as sovereign nations and more specific goals of promoting self-determination by conducting training and technical assistance sessions and ensuring that tribal codes and court procedures are developed and training sessions are held.

BIA included performance measures for community development that covered the success rate of employment and training participants in reaching their objectives, the number of businesses funded, and the number of jobs created or sustained. BIA reported that it exceeded its fiscal year 2000 goal for the first measure because tribes reported that 84 percent of the participants were placed in jobs, self-employed, or completed planned education or training objectives. In addition, BIA reported that, although these achievements did not meet its fiscal year 2000 goals for those measures, it provided funding for 41 businesses, created 409 jobs, and sustained 434 jobs.

While the information on BIA's performance did not include comparable information for resource management and tribal government, it included performance measures for the restoration of unproductive trust lands for agronomic uses thus avoiding an economic loss of millions of dollars annually to Indian people. In addition, the plan also included several performance measures regarding fish and wildlife, including the number of tribes assisted with establishing and maintaining treaty rights; the number of intertribal comanagement programs receiving assistance; the number of fishing access site maintenance projects funded; the number of fish

hatchery projects funded; and the number of tribes developing integrated resource management plans.

For some of BIA's programs, CFDA contained some information on progress in these areas, as summarized below:

- The Forestry on Indian Lands program contributed to the reforestation of about 14,000 acres in fiscal year 2000, and timber sales managed through the program created about 9,000 person years of employment and revenues of approximately $100 million.
- The Agriculture on Indian Lands program indicates that tribes and tribal organizations received Noxious Weed Eradication awards that resulted in treating approximately 80,000 acres of trust land.
- The Minerals and Mining on Indian Lands program facilitates over $200 million in annual income to tribes and allottees.

The performance plans and reports for HUD, USDA, SBA, and DOC contained goals and objectives related to economic development. In addition, with the exception of SBA, these agencies had measures related to job creation and retention. In general, these agencies' measures did not focus on the impact and effectiveness of assistance provided to tribes. For example, HUD provides job creation results for the Community Development Block Grant program, but does not provide information on tribes or tribal members assisted through the program. USDA officials stated that, for some mission areas, Indians represent a small number of clients, and that the agency does not assess the impact of programs on them. According to the Native American Coordinator, in the rural development mission area, USDA's state offices prepare strategic plans covering the delivery of assistance for each federally recognized Indian tribe; however, these are handled at the state level and may not be specifically mentioned in USDA's performance plans and reports.

In some cases, these agencies measured the use of programs by tribal entities in terms of the amount of assistance provided to tribal entities or the number of tribal entities assisted. For example, SBA, under its goal of helping small businesses succeed, states that it plans to increase the number of clients that are provided access to business development assistance to 1.4 million, including 5,000 through Tribal Business Information Centers.[17] Similarly, DOC's 2000 performance report states

[17]Tribal Business Information Centers provide information and technology to support small businesses.

that fiscal year 2000 initiatives for Native Americans led to an appreciable increase over fiscal year 1999 in the number of Indian communities assisted. DOC officials said that the Economic Development/Support for Planning Organizations program provides annual planning grants to 61 tribes. In addition, although HHS has only three economic development-related programs, its Native American Programs, which provides a broad range of services, is specifically addressed in HHS' performance plan under the strategic goal of increasing the health and prosperity of communities and tribes. One of the plan's performance goals is to increase the provision of training and technical assistance to tribes. This goal includes the use of contractors to assist tribes and native communities in conceptualizing strategies for social and economic development.

During our visits to reservations and discussions with tribal representatives, we identified anecdotal information on tribes' experiences in using federal economic development programs. Some of these experiences resulted in currently operating business enterprises, such as the microenterprise loan program, printing business, and golf course that we described previously in this report. Tribal officials also described experiences that involved the use of federal assistance and resulted in businesses that had failed, such as a saddle-making shop, a wood treatment facility, a meat-processing business, and an electronics manufacturing business. The reasons given for business failures included the lack of managerial expertise, the lack of capital, political interference, and competition.

Tribes with whom we met shared a number of concerns related to receiving federal assistance, as summarized below:

- Access to capital is difficult for tribes, sometimes because they have insufficient collateral. Consequently, they have difficulty making funds available to meet the matching fund requirements of many federal programs.
- Some tribes indicated that businesses need resources at times when the federal funding is not available; thus it seems that the federal programs are not flexible enough to meet time-critical business opportunities.
- Tribes do not have the people or expertise needed to handle the administrative and paperwork requirements of federal programs. Consequently, tribes may avoid using a program because the program's requirements seem onerous, or tribes may spend a large amount of the federal funds on those requirements, leaving less for needy projects.
- Tribes cannot rely on federal funds to be available long enough to keep projects running. More than one tribe mentioned that they were able to

obtain funds to initiate a project but were not able to obtain funds to continue the project to a point where it would be self-sustaining.

- Many tribes said they had never been successful in obtaining funds from specific agencies and thus were discouraged from trying in the future.

Recent Federal Initiatives Might Help Coordinate Efforts to Assist Indians

The federal government has made a number of efforts to encourage agencies to coordinate their efforts to provide economic development assistance to Indians. For example, the Native American Business Development, Trade Promotion, and Tourism Act of 2000 requires DOC to establish an Office of Native American Business Development.[18] This office is charged with coordinating federal programs relating to Indian economic development, including those programs of any federal agency charged with Indian economic development responsibilities. DOC has placed the responsibility for the office within EDA, but the office has not yet been established due to a lack of funding. In addition, before this legislation, DOC prepared a draft plan entitled *Five-Year Strategic Plan to Promote and Support Economic Self-Sufficiency for American Indians and Alaska Natives, FY 2001 - FY 2006*, which recognized the need to coordinate within DOC on providing assistance to Indians. This plan included goals related to access to capital, assistance with exporting, and technology infrastructure. According to DOC, this plan has not yet been implemented or integrated into the agency's overall plan. DOC reported that it is working on plans to collaborate with other federal agencies on ways to evaluate and measure crosscutting activities related to improving economic development assistance for distressed communities.

A 2000 Executive Order reiterates the goals of a previous executive communication and requires agencies to establish regular and meaningful consultation and collaboration with Indian tribal governments on federal regulatory matters, unfunded mandates, and the availability of waivers. The order requires federal agencies to designate a responsible agency official to implement the order. Each of the agencies with the most economic development programs available to Indians—USDA, DOC, HUD, SBA, and DOI—have either designated a tribal consultation official or are in the process of making such a designation.

Another initiative stems from a 1998 executive memorandum that directed DOI, DOC, and SBA to develop a strategic plan for coordinating economic

[18]Pub. L. No. 106-464 (2000).

development initiatives for Native American and Alaska Native communities. These agencies developed a plan to improve coordination among federal agencies by (1) increasing access to federal economic development programs and assistance, (2) increasing opportunities in tribal communities, and (3) identifying and addressing gaps in the delivery of federal economic development assistance. The ultimate goal of the plan was to increase the effectiveness of, and access to, economic development programs among Indians. Among the outcomes of the plan was establishing within HUD an information referral service—called Native EDGe—to identify federal economic development programs and initiatives that are available to Indians; this service is available via a toll-free telephone number and the Internet. The director of this program told us that, since the service began in April 2000, the Internet site has been visited by over 36,000 individuals, resulting in the provision of ongoing assistance for approximately 625 economic development projects. In addition, over 2,000 requests for information have been received through the toll-free number and about 7,000 requests for publications have been received via the Internet or by telephone.

External Studies Indicated That Economic Development Efforts Depend on Many Factors

During the last 10 years, studies have stated that multiple factors affect the ability of Indians to support economic development. As noted in a 1992 study on Indian economic development, achieving sustained, self-determined economic development among Indians requires tribes to build on their sovereignty by creating institutions that can plan and develop economic policies and projects that are appropriate for the culture and history of the tribe.[19] A 1998 report cites similar factors that are important to economic development among Alaska Natives.[20] Specifically, the report emphasizes the importance of sovereignty, self-determination, and developing institutions to support employment and business expansion as well as sustained access to capital. Finally, a report from the Harvard Project on American Indian Economic Development identified three keys to Indian economic development: tribal sovereignty, which means that tribes make their own decisions regarding approaches and resources; culture, which means that tribal decisions are consistent with tribal

[19] *What Can Tribes Do? Strategies and Institutions in American Indian Economic Development*, Stephen Cornell and Joseph P. Kalt, American Indian Studies Center, University of California, 1992.

[20] *Expanding Job Opportunities for Alaska Natives (Interim Report)*, Institute of Social and Economic Research, University of Alaska Anchorage, Nov. 1998.

culture; and institutions, which means that decisions regarding businesses are separated from decisions regarding tribal governance.[21] The implications of these studies are that the effectiveness of federal programs is intricately linked with the ability of tribes to incorporate the programs into their economic development plans.

Conclusions

Many federal programs are available to Indians to assist with economic development activities, and some tribes are using these programs. Although agencies generally reported that their programs have assisted economic development in ways such as creating and retaining jobs, little information is known about the effectiveness of these programs as they relate to Indians. However, the continuation of and support for existing mechanisms—such as preparing performance plans and reports, designating agency points of contact, and establishing a single office to coordinate federal programs relating to Indian economic development—has the potential to improve Indians' access to federal programs and to provide federal decisionmakers with performance information that is more directly related to Indians.

Agency Comments

We provided copies of a draft of this report for review and comment to USDA, DOC, DOI, HUD, and SBA. These agencies generally agreed with the information in the draft report and provided technical clarifications, which we incorporated where appropriate.

As part of its comments, USDA emphasized that historical grant cycles have tended to perpetuate tribal dependency on federal programs rather than promote self-sufficiency because they focus on discrete projects, and that federal assistance programs could be better coordinated and amended to encourage long-term planning. USDA added that the effectiveness of federal programs could be improved through the funding and subsequent implementation of the Office of Native American Business Development.

DOI offered several observations in its comments on the draft report. First, DOI noted that BIA has taken steps to establish a partnership with some tribes in order to develop a strategy to coordinate and integrate all

[21] *Patterns of Indian Enterprise Success: A Statistical Analysis of Tribal and Individual Indian Enterprise Performance*, The Harvard Project on American Indian Economic Development, Miriam R. Jorgensen and Jonathan Taylor, Feb. 2000.

available resources, including federal resources. DOI added that these tribes have generally been supportive of and satisfied with BIA's efforts. Second, DOI noted that some initiatives have not succeeded due to lack of funding, such as an initiative involving the coordination of economic development activities that are managed by DOI, DOC, and SBA. Finally, DOI provided information on its efforts to coordinate employment, training, and related services among federal agencies, which DOI states placed over 15,000 Indians in jobs in fiscal year 2001. We did not include this effort in our study because we did not include employment and training programs in our review.

We are sending copies of this report to the Secretaries of Agriculture, Interior, Commerce, and Housing and Urban Development; the Administrator of SBA; and the appropriate congressional committees. We will also make copies available to others on request.

If you have any questions about this report, please contact Nancy Simmons or me at (202) 512-8678. Key contributors to this assignment were Kathleen Clarke, Jeff Malcolm, Dan Meyer, Andy Pauline, and Desiree Whipple.

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Appendix I: Scope and Methodology

In developing this report, we used various approaches to address federal efforts to provide economic development among tribes and tribal members. The major components of our approaches included identifying economic development-related programs that are available to Indians; identifying tribal entities and analyzing the single audit database to determine program use; reviewing agencies' performance plans and reports, and visiting reservations and villages and talking with tribal officials and officials from other tribal organizations. The focus of our review was on federal assistance; however, other sources also provide assistance to tribes, including states and philanthropic organizations. Tribal revenues from federal settlements over land and resource matters and other tribal businesses, particularly casino gaming, have been cited by tribes as significant resources for economic development funding for some tribes.

We identified economic development programs primarily by searching the *Catalog of Federal Domestic Assistance* (CFDA) as well as using other information. Key search terms that were used included variations of those in the legislative mandate: economic development, job creation, entrepreneurship, and business development. In addition to determining which programs were related to economic development, we also identified whether the programs were targeted to tribes; whether tribes were listed as an eligible applicant; and, if not explicitly listed as eligible applicants, whether tribes or tribal members could meet the eligibility criteria. We generally did not include programs that mainly funded infrastructure, such as roads and streets; programs that funded revolving loan funds; or programs that responded to natural disasters. We also reviewed various federal and Indian Web sites as well as agency documents that provided information on available programs. We did not include programs that primarily provided economic infrastructure, although such infrastructure may be necessary for economic development.

To determine which programs the tribes used, we analyzed information from a database that is operated by the Bureau of the Census' Federal Audit Clearinghouse on behalf of the Office of Management and Budget. This database contains audit information from reports that are submitted by any state, local government, or nonprofit organization that expends $300,000 or more in federal awards within a year. The information we used from the database included the reporting entity's name and employer identification number, the CFDA number, the program name, and the amount expended. We identified tribal entities by searching for key words in entity names, such as tribe, band, and Indian; identifying entities that used programs that were targeted to Indians; and matching employer

identification numbers obtained from an Internal Revenue Service listing of tribal entities. Using this list of tribal entities, we determined which programs were reported as used during 1997 through 1999. We report information by tribal entities because tribes may file reports for multiple entities, such as for a housing authority, school board, health organizations, and others. Entities may also represent multiple tribes through consortiums that provide services to multiple tribes. Consequently, information may have been counted more than once if both a consortium (initial recipient) and another tribal entity (subrecipient) reported the same expenditure.

We did not independently assess the reliability of the single audit database. However, the Department of Commerce's Office of Inspector General performed a review of the database to assist other users in assessing the accuracy of the fiscal year 1998 audit report information in the database.[1] Their review included comparing the information in the database with information provided on the original data collection forms. The Office of Inspector General reported that they tested 22,563 data elements and found 370 errors. The majority of those errors were attributed to incorrect or incomplete information on the original forms.

For the 3 years of report information that we used from the Indian entities, we found that we could not use about 10 percent of the CFDA numbers because they were not reported in the standard CFDA numbering format. Consequently, the information we report may undercount the use of the 100 programs as well as the amount of funds expended. We believe this undercounting is low because (1) in many cases where this occurred, the entity reported other programs using the standard CFDA numbering format, so that we were able to include other information for that entity and (2) we discussed information from the database with the relevant Indian tribes as part of our visits, and the tribal officials did not identify any errors in these data.

To determine agencies' assessments of the effectiveness of their economic development programs, we reviewed the most recent annual performance plans and performance reports, which are prepared in compliance with the Government Performance and Results Act of 1993, for the five agencies

[1] *Bureau of the Census: Agreed-Upon Procedures and Results Assessment of Federal Audit Clearinghouse Database Fiscal Year 1998 Audit Reports* (Final Audit Report No. ATL-12556-0-0001/July 2000).

that had the greatest number of programs available to tribes for economic development. These agencies were the Departments of Agriculture, Commerce, Interior, and Housing and Urban Development and the Small Business Administration. We also reviewed other information, such as the CFDA information on program accomplishments, as well as information available on agencies' Web sites and information provided to us by the agencies.

To better understand the economic situation among tribes and their experiences with federal programs, we also visited reservations and spoke with tribal representatives and officials of tribal organizations and associations. In addition, we attended Indian business conferences. We selected tribes to visit on the basis of factors such as land size, population, degree of economic distress, proximity to urban and rural areas, and proximity to other tribes. We also included tribes that were recommended to us by agency and congressional staffs. We spoke with representatives from the following tribes:

- Colville Confederated Tribes
- Kalispel Tribe of Indians
- Lower Brule Sioux Tribe
- Menominee Indian Tribe of Wisconsin
- Miami Tribe of Oklahoma
- Mississippi Band of Choctaw Indians
- Native Village of Minto
- Native Village of Tyonek
- Nenana Native Association
- Oglala Sioux Tribe
- Oneida Nation of Wisconsin
- Peoria Tribe of Indians of Oklahoma
- Pueblo of Zuni
- Ramah Navajo Chapter
- Stockbridge-Munsee Band of Mohican Indians

In conjunction with our tribal visits, we contacted other tribal organizations, associations, and entities that were involved in economic development activities. These included Alaska Village Initiatives; Doyon Limited, Inc.; National Indian Business Association; Nenana Village Corporation; Tanana Chiefs Conference, Inc.; Tyonek Village Corporation; and United Sioux Tribes of South Dakota Development Corporation.

Appendix II: Federal Programs Available to Tribes and Tribal Members to Fund Economic Development Activities

The programs that we have identified may be targeted so that they are available only to tribes and tribal members or may be available to tribes and tribal members on the basis of other program eligibility criteria. Table 3 shows the programs that are targeted to tribes and tribal members, and table 4 shows programs that are available to Indians as well as others. For some of the programs in table 4, a portion of the program is targeted to Indians.

In each table, the programs are listed by federal department or agency. These programs offer various types of assistance and have different objectives. The economic development objectives are those that relate to job creation, entrepreneurship, and business development. For a more comprehensive listing of information on each program, see CFDA or search the on-line CFDA at www.cfda.gov.

Table 3: Federal Programs That Are Available Only to Indians

Program name	CFDA number	Type of assistance	Economic development objectives
Department of Agriculture			
Indian Tribes and Tribal Corporation Loans	10.421	Direct loans	To enable federally recognized Indian tribes and tribal corporations to acquire land within tribal reservations and Alaskan communities
Department of Commerce			
Native American Program	11.801	Project grants	To provide electronic and one-on-one business development service to Native Americans interested in entering, expanding, or improving their efforts in the marketplace
Department of Health and Human Services			
Native American Programs	93.612	Project grants; direct loans	To provide assistance for the implementation of social and economic development strategies that promote self-sufficiency as well as projects that are expected to result in improved social and economic conditions
Department of Housing and Urban Development			
Indian Community Development Block Grant Program	14.862	Project grants	To provide assistance to Indian tribes and Alaska Native villages in the development of viable Indian communities (including economic development projects)
Department of the Interior			
Aid to Tribal Governments	15.020	Direct payments for specified use	To provide funds to Indian tribal governments to support general tribal government operations and to develop appropriate tribal policies, legislation, and regulations
Tribal Self-Governance	15.022	Direct payments for specified use	To further the goals of Indian self-determination by providing funds to Indian tribes to administer a wide range of programs with maximum administrative and programmatic flexibility
Tribal Self-Governance Grants[a]	15.023	Project grants	To support tribal self-governance planning, negotiation, and related activities

Program name	CFDA number	Type of assistance	Economic development objectives
Indian Economic Development	15.032	Direct payments for specified use	To assist federally recognized Indian tribal governments to develop resources to improve their economies through administration of credit programs and other economic development assistance activities
Agriculture on Indian Lands	15.034	Direct payments for specified use; provision of specialized services; advisory services and counseling	To protect and restore the agronomic and rangeland resources on trust lands and facilitate the development of renewable agricultural resources
Forestry on Indian Lands	15.035	Direct payments for specified use; provision of specialized services; advisory services and counseling	To maintain, protect, enhance, and develop Indian forest resources through the execution of forest management activities
Minerals and Mining on Indian Lands	15.038	Direct payments for specified use; provision of specialized services; dissemination of technical information	To assist and support the inventory and prudent development of energy and mineral resources on Indian lands
Fish, Wildlife, and Parks Programs on Indian Lands	15.039	Direct payments for specified use	To promote the conservation, development, and use of fish, wildlife, and recreational resources for sustenance, cultural enrichment, economic support, and maximum benefit of Indians
Irrigation Operations and Maintenance on Indian Lands	15.049	Direct payments for specified use; use of property, facilities, and equipment; provision of specialized services	To operate and maintain the irrigation water delivery systems on Indian irrigation projects
Indian Loans/Economic Development	15.124	Guaranteed or insured loans	To assist Indians in obtaining financing from private sources to promote business development initiatives on or near federally recognized Indian reservations
Indian Arts and Crafts Development	15.850	Use of property, facilities, and equipment; advisory services and counseling	To encourage and promote the development of American Indian and Alaska Native arts and crafts
Department of Transportation			
Tribal Colleges Entrepreneurial Training and Technical Assistance	20.908	Project grants	To support tribal colleges and universities to encourage, promote, and assist minority entrepreneurs through projects that provide training on how to compete for projects funded through the Department of Transportation

[a]Budget authority for this program expired in 2000.

Source: CFDA.

Table 4: Federal Programs That Are Available to Indians and Others

Program name	CFDA number	Type of assistance	Economic development objectives
Department of Agriculture			
Farm Storage Facility Loans	10.056	Direct loans	To encourage the construction of farm storage capacity
Forestry Incentives Program	10.064	Direct payments	To provide cost sharing for tree planting, timber stand improvement, and site preparation for natural regeneration
Farm Operating Loans	10.406	Direct loans; guaranteed and insured loans	To enable operators of family farms to operate efficiently and maintain financially viable farming and ranching operations
Farm Ownership Loans	10.407	Direct loans; guaranteed and insured loans	To assist in becoming owner-operators of farms; make efficient use of land, labor, and other resources; and carry on successful farming operations
Small Farmer Outreach Training and Technical Assistance Program	10.443	Project grants	To encourage and assist socially disadvantaged farmers and ranchers to own and operate farms
National Forest/Dependent Rural Communities	10.670	Project grants; use of property, facilities, and equipment; training	To assist rural communities that are in or near national forests and dependent on forest resources in developing strategic action plans to diversify and improve their economic base
Rural Development, Forestry, and Communities	10.672	Project grants	To help rural areas analyze and assess forest resource opportunities and maximize economic potential through market development and expansion, and diversify communities' economic base
Community Facilities Loans and Grants	10.766	Project grants; direct loans	To construct, enlarge, extend, or otherwise improve community facilities—for example, industrial park sites
Intermediary Relending Program	10.767	Direct loans	To finance business facilities and community development
Business and Industry Loans	10.768	Direct loans; guaranteed and insured loans	To obtain quality loans for improving, developing, or financing business and industry
Rural Business Enterprise Grants	10.769	Project grants	To facilitate the development of small and emerging private business, industry, and related employment
Rural Cooperative Development Grants	10.771	Project grants	To establish and operate centers for rural cooperative development to improve economic conditions in rural areas by promoting the development of new cooperatives and/or improvement of existing cooperatives
Empowerment Zones Program	10.772	Project grants	To stimulate the creation of new jobs and to promote revitalization of economically distressed areas
Rural Business Opportunity Grants	10.773	Project grants	To promote sustainable economic development in rural communities with exceptional needs
National Sheep Industry Improvement Center	10.774	Project grants; direct payments for specified use; direct loans; guaranteed and insured loans	To assist the U.S. sheep and goat industries by strengthening and enhancing the production and marketing of sheep and goats and their products in the United States
Rural Economic Development Loans and Grants	10.854	Project grants; direct loans	To promote rural economic development and job creation projects, including funding for project feasibility studies, start-up costs, and incubator projects
Resource Conservation and	10.901	Advisory services and	To encourage and improve the capability of entities in

Program name	CFDA number	Type of assistance	Economic development objectives
Development		counseling	rural areas to plan, develop, and carry out programs for resource conservation and development
Department of Commerce			
Commercial Service	11.108	Advisory services and counseling	To assist and encourage firms to export or expand their export marketing efforts
Foreign Trade Zones in the United States	11.111	Provision of specialized services	To help firms reduce customs costs and help improve a domestic operation's international competitiveness
International Trade Administration Special Projects	11.113	Project grants	To promote job creation through projects designed to provide small to medium-sized businesses with export assistance to specified overseas markets
Grants for Public Works and Economic Development	11.300	Project grants	To assist in the construction of public works and development facilities needed to initiate and support the creation or retention of permanent jobs in the private sector in areas experiencing substantial economic distress
Economic Development/Support for Planning Organizations	11.302	Project grants	To help strengthen economic development planning capability and formulate and establish comprehensive economic development, process, and strategies designed to reduce unemployment and increase incomes
Economic Development/Technical Assistance	11.303	Project grants	To promote economic development in distressed areas by supporting innovative economic development projects and financing feasibility studies and other projects leading to local economic development
Economic Development/State and Local Economic Development Planning[a]	11.305	Project grants	To help governments strengthen economic development planning to reduce unemployment and increase incomes
Economic Adjustment Assistance	11.307	Project grants	To assist state and local interests to design and implement strategies to adjust or bring about change to an economy, focusing on areas that have experienced or are under threat of serious structural damage to the underlying economic base
Research and Evaluation Program	11.312	Project grants	To assist in the formulation and implementation of national, state, and local programs that will raise income levels and otherwise produce solutions to excessive unemployment and underemployment
Trade Adjustment Assistance	11.313	Project grants	To provide trade adjustment assistance to firms and industries adversely affected by increased imports
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	Project grants	To increase greatly the nation's wealth and quality of life through sustainable fisheries that support fishing industry jobs, safe and wholesome seafood, and recreational opportunities
Technology Opportunities	11.552	Project grants	To promote the widespread use and availability of advanced telecommunications and information technologies in the public and nonprofit sectors to foster economic development
Manufacturing Extension Partnership	11.611	Dissemination of technical information	To establish, maintain, and support manufacturing extension centers and services to improve the competitiveness of firms accelerating the use of appropriate manufacturing technology

Program name	CFDA number	Type of assistance	Economic development objectives
Experimental Program to Stimulate Competitive Technology	11.614	Project grants	To support technology-based economic growth in eligible jurisdictions by promoting partnerships between governments, universities, community colleges, nonprofit organizations, and the private sector
Minority Business Development Centers	11.800	Project grants	To provide electronic and one-on-one business development services to minority firms and individuals interested in entering, expanding, or improving their efforts in the marketplace
Minority Business Development	11.802	Project grants	To provide for indirect business assistance for programs that encourage minority business development
Minority Business Opportunity Committee Development	11.806	Project grants	To provide minority business owners with enhanced access to the marketplace by identifying marketing and sales opportunities, financing resources, potential joint venture partners, timely market leads, and other current business information
Department of Defense			
Procurement Technical Assistance for Business Firms	12.002	Project grants	To provide marketing and technical assistance to (1) business firms in selling their goods and services to federal agencies and (2) state and local governments to generate employment and to improve the general economy of a locality
Planning Assistance to States	12.110	Provision of specialized services	To cooperate with any state in the preparation of comprehensive plans for the development, use, and conservation of water and related land resources of drainage basins located within the boundaries of such state
Community Economic Adjustment	12.600	Provision of specialized services; advisory services and counseling	To help communities, regions, and states alleviate serious economic impacts that result from defense program changes—for example, base openings, expansions and closings, contract changes, and personnel reductions and increases
Community Economic Adjustment Planning Assistance	12.607	Project grants	To assist local governments or states, on behalf of local governments, to undertake community economic adjustment planning activities to respond to military base closures and realignments
Community Economic Adjustment Planning Assistance for Reductions in Defense Industry Employment	12.611	Project grants	To assist local governments to undertake economic adjustment planning activities to respond to major reductions in defense industry employment resulting from the cancellation, termination, or failure to proceed with a major Department of Defense acquisition
Community Base Reuse Plans	12.612	Project grants	To assist local governments to conduct community base reuse plans at closing or realigning military installations
Growth Management Planning Assistance	12.613	Project grants	To assist local governments to undertake community economic adjustment planning activities to respond to military base openings or expansions
Department of Education			
Projects with Industry	84.234	Project grants	To create and expand job and career opportunities for individuals with disabilities in the competitive labor market by partnering with private industry to provide job training and placement

Program name	CFDA number	Type of assistance	Economic development objectives
Department of Energy			
Management and Technical Assistance for Minority Business Enterprises	81.082	Advisory services and counseling	To support increased participation of minority- and women-owned small businesses and operated business enterprises and to transfer applicable technology from national federal laboratories to minority business enterprises
National Industrial Competitiveness Through Energy, Environment, and Economics	81.105	Project grants	To generate new processes and/or equipment that can significantly reduce the use of energy and energy-intensive feedstocks and reduce the generation of wastes in industry
Department of Health and Human Services			
Community Services Block Grant/Discretionary Awards	93.570	Project grants	To support program activities to alleviate causes of poverty in distressed communities by promoting full-time permanent jobs for poverty-level project area residents as well as other activities
Job Opportunities for Low-Income Individuals	93.593	Project grants	To create new employment and business opportunities through self-employment, microenterprise, new business ventures, and expansion of existing businesses for welfare recipients and other low-income individuals
Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants	14.218	Formula grants	To develop viable urban communities by (1) providing decent housing and a suitable living environment and (2) expanding economic opportunities, principally for persons of low and moderate income
Community Development Block Grants/Small Cities Program	14.219	Project grants	To develop viable urban communities by (1) providing decent housing and a suitable living environment and (2) expanding economic opportunities, principally for persons of low and moderate income
Community Development Block Grants/Special Purpose Grants/Technical Assistance Program	14.227	Project grants; direct payments for specified use	To help plan, develop, and administer local Community Development Block Grant programs
Community Development Block Grants/State's Program	14.228	Formula grants	To develop viable urban communities by (1) providing decent housing and a suitable living environment and (2) expanding economic opportunities, principally for persons of low and moderate income
Empowerment Zones Program	14.244	Project grants	To stimulate the creation of new jobs and to promote revitalization of economically distressed areas
Community Development Block Grants/Economic Development Initiative	14.246	Project grants	To help public entities that are eligible under the Section 108 Loan Guarantee Program carry out economic development projects
Community Development Block Grants/Section 108 Loan Guarantee Program	14.248	Guaranteed and insured loans	To provide communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects
Rural Housing and Economic Development	14.250	Project grants	To expand the supply of affordable housing and access to economic opportunities in rural areas
Community Outreach Partnership Center Program	14.511	Project grants	To fund partnerships between institutions of higher education and communities to solve urban problems

Program name	CFDA number	Type of assistance	Economic development objectives
			through research, outreach, and exchange of information
Alaska Native/Native Hawaiian Institutions Assisting Communities	14.515	Project grants	To help Alaska Native and Native Hawaiian institutions of higher education address community development needs in their localities, including neighborhood revitalization, housing, and economic development
Department of Transportation			
Development and Promotion of Ports and Intermodal Transportation	20.801	Advisory services and counseling; dissemination of technical information	To promote and plan for the development and use of domestic waterways, ports, and port facilities
Bonding Assistance Program	20.904	Insurance	To enhance and further the opportunity for Small and Disadvantaged Business Enterprises to obtain bid, performance, and payment bonds for transportation-related contracts
Disadvantaged Business Enterprises Short Term Lending Program	20.905	Direct loans	To enhance and further the opportunity of Disadvantaged Business Enterprises to obtain accounts receivable financing for the performance of transportation-related contracts
Hispanic Serving Institutions Entrepreneurial Training and Technical Assistance	20.906	Project grants	To enhance Disadvantaged Business Enterprises and small business opportunity to successfully compete on Department of Transportation contracts and funded projects
Department of the Treasury			
Community Development Financial Institutions Program	21.020	Project grants	To promote economic revitalization and community development through investment in and assistance to community development financial institutions
Appalachian Regional Commission			
Appalachian Area Development	23.002	Project grants	To support the Appalachian Regional Commission's mission to create opportunities for self-sustaining economic development and improved quality of life in the region
Appalachian Local Development District Assistance	23.009	Project grants	To provide planning and development resources in multicounty areas; to help develop the technical competence essential to sound development assistance
Appalachian State Research, Technical Assistance, and Demonstration Projects	23.011	Project grants	To research or demonstrate the feasibility of plans and programs for concerted economic and social development
Denali Commission			
Denali Commission Program	90.100	Project grants	To provide critical utilities and infrastructure, particularly in distressed areas, to reduce unemployment and raise standards of living
Environmental Protection Agency			
Brownfields Pilots Cooperative Agreements	66.811	Project grants	To respond to environmental conditions inhibiting redevelopment of brownfield sites and provide financial assistance for revolving loan funds for brownfield cleanups

Program name	CFDA number	Type of assistance	Economic development objectives
General Services Administration			
Business Services	39.001	Advisory services and counseling	To promote the interest and participation of business concerns—especially small businesses, small disadvantaged businesses, and women-owned small businesses—in government procurement
Donation of Federal Surplus Personal Property	39.003	Sale, exchange, or donation of property and goods	To donate federal personal property no longer required for federal use to public agencies and qualifying nonprofit entities
National Credit Union Administration			
Community Development Revolving Loan Program for Credit Unions	44.002	Direct loans	To support low-income credit unions in their efforts to stimulate economic development activities that result in increased income, ownership, and employment opportunities for low-income residents
National Foundation on the Arts and the Humanities			
Promotion of the Arts/Grants to Organizations and Individuals	45.024	Project grants	To support the visual, literary, media, design, and performing arts; significant arts programs intended for national distribution on television or radio; and published creative writers and literary translators of exceptional talent through individual fellowships
Overseas Private Investment Corporation			
Foreign Investment Insurance	70.003	Insurance	To insure investments of eligible U.S. investors in developing countries and emerging markets against the political risks of inconvertibility, expropriation, and political violence
Small Business Administration			
Business Development Assistance to Small Business	59.005	Advisory services and counseling; dissemination of technical information; training	To help the prospective, as well as the present, small business person improve skills to manage and operate a business
8(a) Business Development	59.006	Provision of specialized services	To foster business ownership by individuals who are both socially and economically disadvantaged and to promote the competitive viability of such firms by providing business development assistance
Management and Technical Assistance	59.007	Project grants	To provide business development assistance for socially and economically disadvantaged businesses
Procurement Assistance to Small Businesses	59.009	Provision of specialized services	To assist small business in obtaining a "fair" share of contracts and subcontracts for federal government supplies and services and a "fair" share of property sold by the government
Small Business Investment Companies	59.011	Direct loans; guaranteed and insured loans; advisory services and counseling	To establish privately owned and managed investment companies; provide equity capital and long-term loan funds to small businesses; and provide advisory services to small businesses
Small Business Loans	59.012	Guaranteed and insured loans	To provide guaranteed loans to small businesses that are unable to obtain financing in the private credit marketplace but can demonstrate an ability to repay

Program name	CFDA number	Type of assistance	Economic development objectives
			loans granted
Service Corps of Retired Executives Association	59.026	Advisory services and counseling; training	To provide counseling and training to potential and existing small business owners
Small Business Development Center	59.037	Project grants; provision of specialized services; advisory services and counseling; dissemination of technical information	To provide management counseling, training, and technical assistance to the small business community
Certified Development Company Loans (504 Loans)	59.041	Guaranteed and insured loans	To assist small business concerns by providing long-term, fixed-rate financing for fixed assets through the sale of debentures to private investors
Women's Business Ownership Assistance	59.043	Project grants	To fund private, nonprofit organizations to assist, through training and counseling, small business concerns owned and controlled by women
Veterans Entrepreneurial Training and Counseling	59.044	Project grants	To provide long-term training, counseling, and mentoring to benefit small business concerns and potential small business concerns owned and controlled by eligible veterans
Microloan Demonstration Program	59.046	Formula grants; direct loans	To assist women, low-income and minority entrepreneurs, business owners, and other individuals possessing the capability to operate successful business concerns and to assist small business concerns in those areas suffering from a lack of credit due to economic downturns
Office of Small Disadvantaged Business Certification and Eligibility	59.049	Direct loans; guaranteed or insured loans	To certify and assist small disadvantaged businesses so that they can participate in federal procurements

*This program was incorporated into the Department of Commerce's Economic Development/Support for Planning Organizations (CFDA number 11.302) in 2000.

Source: CFDA.

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